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Programme budget for the biennium 2006-2007

Identification of additional resources for the Development Account

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the identification of additional resources for the Development Account (A/61/282). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General is submitted pursuant to paragraph 14 of resolution 60/246, in which the General Assembly requested the Secretary-General to provide recommendations at its sixty-first session on how additional resources in the region of $5 million could be added to the Development Account.

3. The report of the Secretary-General provided background information on the evolution of the Development Account since its inception and summarized the measures taken in establishing its current level of funding and established procedure for identification and transfer of savings to the Development Account (see paras. 1-12). The Committee notes from paragraph 7 of the report that the characterization of the initial indicative target of cumulative savings of some $200 million for the Development Account as "overambitious" has been borne out. Section IV of the report further addresses the possibility of identifying and transferring savings through two different methods summarized in paragraph 14; section V refers to experience in the identification of savings.

4. Regarding the possibility of identifying and transferring savings, the Secretary-General indicates that "it is difficult to distinguish between savings generated by improved productivity on the one hand, and budget reductions resulting from cost avoidance and changes in programme implementation [on the other]". The Secretary-General also indicated that resources released from the discontinuation of some outputs and from efficiency savings, if any, in view of General Assembly legislative constraints, are redirected by programme managers to

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priority programmes of work or towards new mandates instead of proposing additional funding; thus they are not available for transfer to the Development Account (see A/61/282, paras. 9 and 15). Moreover, in the view of the Secretary-General, even if a cost accounting system were in place, programme managers, presented with indicative efficiency savings, would still tend to retain them in order to meet additional mandates and workloads rather than surrender them to the Development Account. In that context, the Secretary-General indicated that the issue of transferring additional funds to the Development Account is therefore subject to the priority assigned to the need for such in the light of all other demands for funds (ibid., para. 16).

5. In paragraph 17 of the report, the Secretary-General indicated the possibility of "suspending the provisions of financial regulations 5.3 and 5.4 in respect of any surpluses (unencumbered balances) under the regular budget arising at the end of a financial period for the purpose of transferring a share of such funds to the Development Account". **In the opinion of the Committee, it would be for the General Assembly to decide, as a matter of policy, whether to deviate from the full application of the financial regulations for the purposes of retaining funds to augment the Development Account.**

6. The Committee notes that in its resolution 60/246, the General Assembly also requested that the Development Account be recosted for the biennium 2006-2007. As indicated in paragraph 21 of the Secretary-General's report, the results have led to an initial appropriation of $13,954,100, as compared with $13,065,000 in previous bienniums — an increase of $889,100. The Committee was informed that the recosting took into account annual prevailing rates of inflation of 3.2 per cent for 2005 and 3.5 per cent for 2006, resulting in increments of $418,000 and $471,100, respectively. **The Committee points out that the recosting of the Development Account was a one-time exercise approved by the General Assembly; any decision to continue beyond the current biennium would therefore require further decision by the General Assembly.**